GOVERNMENT OF INDIA
MINISTRY OF COMMERCE & INDUSTRY
DEPARTMENT OF COMMERCE
RAJYA SABHA
UNSTARRED QUESTION NO. 1491
ANSWERED ON 31/07/2026

STEEP FALL IN PRICES OF TOBACCO

1491. SHRI GOLLA BABURAO:

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether Government is aware of steep fall in prices of tobacco causing huge sufferings to tobacco farmers in Andhra Pradesh;
(b) whether it is a fact that there has been a long-pending demand for providing ₹300 per kg as MSP for tobacco;
(c) if so, the reasons that Government is not providing Minimum Support Price (MSP);
(d) whether Government will consider providing ₹500 crores and also direct Government of Andhra Pradesh to provide ₹500 crores to purchase tobacco from farmers in Andhra Pradesh;
(e) if not, the reasons therefor; and
(f) whether Government is aware that Samyukta Kisan Morcha, supported by various political parties and groups, is also demanding for MSP, etc.?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY

(SHRI JITIN PRASADA)

(a) to (f): In Andhra Pradesh, for the 2025–26 crop season, the auctions are currently underway and as of date, only a small percentage of crop has been auctioned to ascertain any change in prices. Over the last ten years, the exports of tobacco and tobacco products have increased from 240.93 million kg valued at Rs. 6,450.66 crore (USD 958.68 million) to 368.85 million kg valued at Rs. 17,192.04 crore (USD 1,948.98 million), registering an increase of about 53.10% in quantity and about 166.51% in value terms.

Minimum Support Prices are notified by the Ministry of Agriculture & Farmers Welfare, on the recommendations of the Commission for Agricultural Costs and Prices, for a specified list of crops. FCV tobacco, being an export-oriented commercial crop regulated under the Tobacco Board Act, 1975, is not among the crops for which MSP is notified. Price discovery takes place through transparent electronic auctions conducted by the Tobacco Board, in which Minimum Guarantee Indicative Price (MGIP) serves as a reference to protect growers' interests.

The Government has undertaken several measures to safeguard the interests of FCV tobacco growers. These include promoting Good Agricultural Practices (GAP) to improve productivity and quality through the supply of quality seeds developed by the National Institute for Research on Commercial Agriculture (NIRCA), and fixing the authorised crop size annually in consultation with stakeholders to align production with market demand and promote price stability. The electronic auction platform has also been strengthened to ensure transparent price discovery and timely payments to the growers. Over the last ten years, the average price realised by FCV tobacco farmers has increased from Rs. 134.43 per kg to Rs. 251.14 per kg, an increase of 86.82%.

In addition, the Tobacco Board Growers' Welfare Scheme has been implemented, under which more than 1,300 growers benefited during 2025–26 through financial assistance for natural and accidental deaths, medical treatment, education, marriage, and repair of tobacco barns damaged due to natural calamities.

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